FOR MYSORE STATE

LOCAL ADMINISTRATION DEPARTMENT

Memo. No. 16436-E/53-1, 1st May 1953

Contracts—Local bodies—Restriction to honest tax-payers and genuine new comer —Revised orders—Issued.

READ—the following papers :—

G.O. No. 2497, L.A., dated 13th December 1949.
Memorandum No. 8283-E/50-2, L.A., dated 29.h April 195
Memorandum No. 45315/50-3-E, L.A.,dated 12th Februry 19
G.O. No. 440, Finance, dated 15th March 1953.

Memorandum—No. 16436-E/53-1, L.A., dated 1st May 1953.

A copy of G.O. No. 440, Finance, dated 15th March 1953, is communicated to th Comm ssioner, Corporation of Madras, Commissioners of Municipalities and Presidents c District Boards for information and necessary action.

(By order)

R. KRISHNAMURTI,
Assistant Secretary to Government.

o the Commissioner, Corporation of Madras (through the Mayor) , all Commissioners of Mu nicipalities (through the Chairmen of Municipal Councils) , Presid nts of District Boards , the Commissioner of Income-tax, Madras opy to the Andhra Government .. Mysore Government	with copy of G.C No. 440, Finance dated 15th March 1953, to each

ENCLOSURE

G.O. Ms. No. 440, Finance, dated 15th March 1953.

[Income-tax—Evasion—Prevention of—Financial patronage and favour conferred b lovernment—Restriction to honest tax-payers and genuine new-comers—Revised orders passed

ead—the following :—

G.O. Ms. No. 867, Finance, dated 16th August 1949.
Memorandum No. 69547-B.G./49-2, Finance, dated 26th October 1949.
Memorandum No. 5898-B.G./52-3, Finance, dated 25th April 1952.

rder—No. 440, Finance, dated 15th March 1953.

The Government have considered that the financial patronage at their disposal such a rant of contracts, licences and permits should be given to persons applying for them, only hey have a good record of having b en paying th ir income tax regularly. The instructior ssued in the Government Order and the memoranda cited required Heads of Departments t ssist on production of income-tax clearance certificates by p rsons applying for any of tl bove kinds of financial patronage. It has been brought to notice that the High Court (Iadras has in a recent case quashed the Government Order cited holding that the fact that erson is in arrears of income-tax is not germane to the issue of a licence like the one issue nder the Yarn Dealers Control Order, that the restriction imposed is unreasonable and is n the interests of the general public. The Government accordingly direct that Governmer rder be cancelled.

2. The Government, however, consider that the decision of the High Court will not affect the restrictions imposed in demanding tax-clearance certificates in respect of other kinds of patronage, such as, grant of contracts for buildings, supply of goods, etc., which are granted purely at their discretion and that in such cases, the insistence on the prior production of tax, clearance certificates will not be unreasonable. The Government accordingly direct that the production of income-tax clearance certificates must be insisted on from persons applying for contracts for works or supply of stores, etc., as the grant of this form of financial patronage is wholly at the discretion of the Government. The production of the certificate may, however, be waived when the value of the contract will not exceed Rs. 10,000.

3. The applicant or his authorized agent should fill in the particulars as required in the prescribed form and send it (in triplicate) for verification to the Income-tax Officer of the circle, ward or district where the applicant is assessed or assessable to income-tax and in the case of the applicants in Madras City to the Inspecting Assistant Commissioner, Central Range, Madras. In cases where applicants object to disclose the particulars of their assessment mentioned in item (iv-A) of the form in the appendix to this order, they may be permitted to produce for verification by the Income-tax Officer concerned three copies of the tax-clearance certificate—one with the particulars as under item (iv-A) and the other two with particulars as under item (iv-B). The Income-tax Authority will arrange for the prompt verification of the particulars given by the applicant, subscribe the necessary verification certificates in all copies and return to the applicant the two copies which contain particulars under item (iv-B) retaining the certificate which contains particulars under item (iv-A) for his record.

4. The certificate will be valid for one year from the date of issue for all applications made during the period. For proprietary and partnership firms, it will be necessary to produce the certificate for the proprietor or proprietors and for each of the partners, as the case may be.

5. The following classes of applicants will be exempt from the necessity of producing the certificate :—

(i) Such Government and semi-Government institutions as are not liable to income-tax ;

(ii) other types of persons who are not otherwise liable to income-tax under section 4 (3) of the Indian Income-tax Act.

NOTE.—Firms and individuals claiming to be exempt from income-tax should give particulars of their income and state fully the circumstances in which they claim to be exempted from the tax.

(By order of the Governor)

T. A. VARGHESE,
Secretary to Government.

To all Heads of Departments.
„ the Departments of Secretariat, including Food and Agriculture (Food Production) and Legislature Secretariat (all sections).
„ the Commissioner of Incometax, Madras.
„ the Superintendent, Government Press, for publication in the Fort St. George Gazette.
„ the Secretary to the Government of India, Ministry of Finance (Revenue Division), New Delhi, with covering letter.

APPENDIX.

Form of certificate of income-tax assessment to be produced by an applicant for co etc., at the disposal of the Government of Madras.

(To be filled in by the applican

(i) Name and style (of the company, firm, Hindu undivided family, or individual) in which the applicant is assessed or assessable to income-tax, and address for the purpose of assessment.

(ii) Name and address of all companies, firms or association of persons in which the applicant is substantially interested in his individual or fiduciary capacity.

(iii) The Income tax Circle/Ward/District in which the applicant is assessed to income-tax and the G.I. R. No.

(iv-A) The following particulars to be furnished concerning the income-tax assessments for the preceding four years :—

(*a*) The total contract amount received during the Preceding four accounting years (give date of the closing day of the year) being previous years of—

19 -19

19 -19

19 -19

19 -19

(*b*) Year.	Total income assessed.	Tax demanded.	Tax paid.	Balance due.
(1)	(2)	(3)	(4)	(5)
State for the past four years.				

NOTE.—(1) Tax in columns (3) and (4) should include all items, viz., income-tax, super-tax, surcharge, excess profit tax and business profit tax.

(2) If any tax remains unpaid the reasons should be explained in an attached statement.

(*c*) In case there has been no income-tax assessment in any year, whether returns have been submitted under section 22 (1) or 22 (2) or tax has been paid in advance under section 18-A (3) of the Act and if so the amount of income returned for each year and tax for each of the four years mentioned above and the Income-tax Circle/Ward/District concerned where such returns have been filed, giving reasons for the same.

(*d*) Whether any attachment or certificate proceedings pending in respect of the arrears.

(*e*) The name and address of branch(es) if any.

or

(iv-B) (*a*) Reference No. (G.I.R. No.) of the assessment.

(*b*) Whether maximum income-tax paid during the past five years was—

(i) Below Rs. 100

(ii) Between Rs. 100 and Rs. 1,0

(iii) Between Rs. 1,000 and Rs. 5

(iv) Between Rs. 5,000 and Rs. 1(

(v) Above Rs. 10,000

NOTE.—The above entries may be completed also in the cases of firms registered under the Income-tax Act with reference to the tax payable by the firm if assessed as an unregistered firm.

In case no final assessment has been made, it should be stated whether tax paid in advance (or payable) on the basis of returns filed under sections 22(1) or (2) and 22-B or 18-A (3) of the Income-tax Act was—

(i) Below Rs. 100

(ii) Between Rs. 100 and Rs. 1,000

(iii) Between Rs. 1,000 and Rs. 5,000

(iv) Between Rs. 5,000 and Rs. 10,000

(v) Above Rs 10,000

I declare that the above information is correct and complete to the best of my information and belief.

Signature of the contractor.

Registered No.

Address.

Date.

(To be filled in by Income-tax Officer.)

In my opinion the assessee mentioned above has been/has not been doing everything possible to pay the tax demands promptly and regularly and to facilitate the completion of the pending proceedings.

Signature of the Income-tax Officer,
Circle/Ward/District.

Date.

Seal.

Note.—If an applicant does not desire to disclose the particulars of his assessment as in item (iv-A) above, he may prepare three copies of the form, one of which alone need contain the particulars as in item (iv-A). The other forms should give the particulars as in item (iv-B). All the three certificates will be verified by the Income-tax Officer who will retain the certificate containing particulars under item (iv-A) and return to the applicant the other two copies of the certificate containing particulars under item (iv-B).